

Code of Regulations



North Central Electric
Cooperative, Inc.

Revised June 13, 2023

Code of Regulations

June 13, 2023

Adopted at the Annual Meeting of Members

North Central Electric Cooperative, Inc.
Attica, Ohio

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**AMENDED CODE OF REGULATIONS OF
NORTH CENTRAL ELECTRIC COOPERATIVE, INC.**

ARTICLE I- MEMBERSHIP

SECTION 1.01. Requirements for Membership.

Any person, whether a natural person or a firm, association, corporation, partnership, body politic or subdivision thereof, will become a member of North Central Electric Cooperative, Inc. (hereinafter called the "Cooperative") upon receipt of electric service from the Cooperative, provided that the person has first:

- (a) Made a written application for membership therein;
- (b) Agreed to purchase from the Cooperative electric power and/or energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the Articles of Incorporation and Code of Regulations of the Cooperative and any rules and regulations adopted by the Board of Directors of the Cooperative (hereinafter sometimes called the "Board"); and
- (d) Paid the membership fee hereinafter specified.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in this Code of Regulations.

In the event that a person as hereinbefore defined receives electric service from the Cooperative without signing a written application then such person shall be considered a member for all purposes and shall comply with and be bound by the provisions of the Articles and Code of Regulations of the Cooperative, and such rules, regulations and policies as may from time to time be adopted by the Cooperative.

SECTION 1.02. Joint Membership.

The term "member" as used in this Code of Regulations shall include all adult individuals occupying the same location to or for which the Cooperative provides service ("Joint Member or Joint Members") and all provisions relating to the rights and liabilities of membership shall apply equally to the holders of such membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a membership shall be as follows:

- (a) The presence at a meeting of any or all shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of any or all jointly shall constitute one vote;
- (c) A waiver of notice signed by any or all shall constitute a valid waiver;
- (d) Notice to any shall constitute notice to all;
- (e) Expulsion of any Joint Member shall terminate the membership;
- (f) Withdrawal of any Joint Member shall terminate the membership; and
- (g) Any Joint Member, but not more than one, may be elected or appointed as an officer or Board member, provided that the Joint Member seeking office meets the qualifications for such office.

SECTION 1.03. Conversion or Termination of Joint Membership.

Joint Members shall notify the Cooperative in writing of a failure of any Joint Member to occupy the same location to or for which the Cooperative provides service for any reason including, but not limited to, death, divorce, or change of address. Upon determining or discovering the failure of a Joint Member to occupy the same location to or for which the Cooperative provides a Cooperative service:

- (a) if one Joint Member remains qualified to be a member and continues to use a Cooperative service at the same location, then the joint membership converts to a membership comprised of this individual;
- (b) if more than one Joint Member remains qualified to be a Joint Member and continues to use a Cooperative service at the same location, then the joint membership converts to a membership comprised of these individuals; and
- (c) if no Joint Member remains qualified to be a member and continues to use a Cooperative service at the same location, then the joint membership terminates.

The estate of a deceased Joint Member, either party to a divorce or dissolution of a marriage, or a Joint Member who no longer occupies the same location to or for which the Cooperative provides service, shall not be released from any debts due the Cooperative.

SECTION 1.04. Membership Fees.

The membership fee shall be Twenty (\$20.00) dollars.

**SECTION 1.05. Purchase of Electric Power and Energy; Power Production by Member;
Application of Payments to All Accounts.**

The Cooperative shall use reasonably diligent efforts to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof; and each member, for so long as such premises are owned or directly occupied or used by the member, shall purchase from the Cooperative all central station electric power and energy purchased for use on all premises to which electric service has been furnished by the Cooperative pursuant to the person's membership, unless and except to the extent that the Board of Directors may in writing waive such requirement, and shall pay therefor at the times, and in accordance with the rules, regulations, and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. Each member shall also pay all other amounts owed by the member to the Cooperative as and when they become due and payable. When the member has more than one service connection from the Cooperative, any payment by the member for service from the Cooperative shall be deemed to be allocated and credited on a pro rata basis to the member's outstanding accounts for all such service connections, notwithstanding that the Cooperative's actual accounting procedures do not reflect such allocation and proration.

SECTION 1.06 Termination of Membership.

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, this Code of Regulations or rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes such member liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting.
- (b) Upon the withdrawal, death, cessation of existence, cessation of the Cooperative's electric service to, or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate, if any, of such member shall be surrendered forthwith to the Cooperative. The Board may adopt uniform rules governing the membership status of persons whose electric service is temporarily discontinued by the Cooperative. Termination of membership in any manner shall not release a member or the member's estate from any debts or obligations due the Cooperative.
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by the member, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.

SECTION 1.07 Service to All Persons Within the Cooperative's Service Area.

- (a) The Cooperative shall extend electric service to all persons, within the Cooperative's service area who (i) desire such service and (ii) meet all requirements established by the Cooperative as a condition of such service. Conditions of service shall be set forth in the rules and regulations of the Cooperative. All such rules and regulations shall be just, reasonable and not unreasonably discriminatory or preferential. As used in this Code of Regulations, the term "service area" shall mean the entire geographic area wherein the Cooperative supplies electric power and/or energy or maintains electric facilities as well as all areas adjacent thereto.
- (b) Nothing contained in this Code of Regulations, in the Cooperative's rules and regulations, policies, or otherwise, shall be construed to prohibit the Cooperative from entering into and performing franchises or other contracts with political subdivisions, bodies politic, or governmental agencies or instrumentalities, which franchises or contracts provide for the selling of electric power and/or energy or otherwise rendering electric service to any such subdivision, bodies, agencies, instrumentalities or the citizens thereof.

ARTICLE II- RIGHTS AND LIABILITIES OF MEMBERS

SECTION 2.01. Property Interest of Members.

Upon dissolution, after

- (a) All debts and liabilities of the Cooperative have been paid, and
- (b) All capital furnished through patronage has been retired as provided in this Code of Regulations, the remaining

property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten (10) years next preceding the date of the filing of the certificate of dissolution.

SECTION 2.02. Non-liability for Debts of the Cooperative.

The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

SECTION 2.03. Removal of Board Member.

Any member may bring specific charges of malfeasance, misfeasance, or nonfeasance in office against a director and, by filing with the Secretary in writing a detailed description of each charge and the evidentiary basis therefor, together with a petition signed by at least ten per centum (10%) of the members, may request the removal of such director by reason thereof. If more than one director is sought to be removed, individual charges against each such director and the evidentiary basis for each such charge shall be specified. For purposes of this article “malfeasance, misfeasance or nonfeasance” means an act or omission amounting to gross negligence, fraud, or criminal conduct, which has a material adverse effect on the business affairs of the Cooperative. At the next regular or special meeting of the members occurring not less than forty-five (45) days after the filing of such charges, the member bringing the charges against the director shall have an opportunity to be heard in person or by counsel, and to present evidence in support of the charges; and the director shall have the opportunity to be heard in person or by counsel and to present evidence in response to the charges. No director shall be removed from office unless the specific charges against such director are supported by clear and convincing evidence. The question of the removal of such director shall be considered and voted upon at the meeting of members and any vacancy created by such removal may be filled, by the affirmative vote of a majority of the remaining directors, for the unexpired portion of the term and until a successor shall have been elected and qualified. In the event a majority or more of the Board is removed by the members in a single meeting, the members shall vote at the same meeting to fill the vacancies for the unexpired portion of the term and until a successor has been elected and qualified.

ARTICLE III- MEETINGS OF MEMBERS

SECTION 3.01. Annual Meeting.

The annual meeting of the members shall be held at such time and place within the service area of the Cooperative, or electronically in a manner: (1) permitting the Cooperative to verify that each person participating in the meeting is a member; and (2) permitting members the opportunity to read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the members, ask questions, and make comments, as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Board members or announcing the results of a mail or electronic ballot for the election of Board members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative. In the event that such annual meeting is not held, for any reason, a special meeting in lieu thereof shall be called and held as soon thereafter as convenient, and any business transactions or elections held at such meeting shall be as valid as if transacted or held at the annual meeting.

SECTION 3.02. Special Meetings.

Special meetings of the members may be called by at least three (3) directors or upon a written request signed by at least ten per centum (10%) of all the members and it shall thereupon be the duty of the secretary or their designee to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the service area of the Cooperative or electronically in the same manner as required for an annual meeting, as determined by the Board of Directors and specified in the notice of the special meeting.

SECTION 3.03. Notice of Members' Meetings.

Written or printed notice, including electronic, stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than seven (7) days nor more than forty-five (45) days before the date of the meeting, personally, by mail, or electronically, by or at the direction of the secretary, or by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at the member's address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members, shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 3.04. Quorum.

The members entitled to vote present in person at any meeting of the members duly called and held or those members casting a vote by mail or electronic ballot shall constitute a quorum.

SECTION 3.05. Voting.

- (a) **One Vote.** Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote of the members. Joint Members shall jointly be entitled to one (1) vote and no more upon each matter. Voting by proxy shall not be permitted.
- (b) **Manner of Voting.** Voting by the members may be conducted either in person at a meeting of the members, or by mail and/or electronic ballot either with or without a member meeting, in a manner consistent with this Article III of this Code of Regulations and as determined by the Board of Directors.
- (c) **Mail or Electronic Ballot Without a Member Meeting.** A member may vote or act on any matter by mail or electronic ballot without a member meeting, but only as provided in this Code of Regulations. In such instances, the Cooperative will deliver or provide to each member entitled to vote on the matter a written mail ballot and/or access to an electronic ballot. The Cooperative must count as a member's vote a properly completed mail or electronic ballot received on or before the time and date stated in the mail or electronic ballot. The matter or action is approved if: (1) the number of completed mail or electronic ballots timely received by the Cooperative equals or exceeds the quorum requirements set forth in Section 3.04 of this Code of Regulations; and (2) the number of votes favoring the proposed matter or action equals or exceeds the number of votes required to approve the matter or action at a member meeting.
- (d) **Mail or Electronic Ballot With a Member Meeting.** A member may vote or act by mail or electronic ballot on any matter to be considered in conjunction with a member meeting, but only as provided in this Code of Regulations. The Cooperative will deliver or provide to each member entitled to vote on the matter a written mail ballot and/or access to an electronic ballot. In such instances, all votes shall be cast by mail and/or electronic ballot, and voting in person at the meeting of members shall not be permitted. The Cooperative must count as a member's vote a properly completed mail or electronic ballot received on or before the time and date stated in the mail or electronic ballot. The matter or action is approved if: (1) the number of completed mail or electronic ballots timely received by the Cooperative equals or exceeds the quorum requirements set forth in Section 3.04 of this Code of Regulations; and (2) the number of votes favoring the proposed matter or action equals or exceeds the number of votes required to approve the matter or action at a member meeting. The results of the vote shall be announced at the member meeting. Whenever this Code of Regulations requires action to be taken at a member meeting, a vote by mail or electronic ballot in conjunction with a member meeting shall be deemed to be action taken at a member meeting.
- (e) **Mail or Electronic Ballot Contents.** A mail or electronic ballot must:
 - (1) set forth and describe a proposed action, identify candidate(s), and/or include the language of a motion, resolution, Code of Regulation amendment, or other written statement, upon which a member is asked to vote or act;
 - (2) state the date of a member meeting at which the results of the election or voting are scheduled to be announced, or if no member meeting is scheduled, the ballot shall state how the results will be announced;
 - (3) provide an opportunity to vote for or against, or to abstain from voting on, the matter;
 - (4) instruct the member how to complete, return, or cast the mail or electronic ballot; and
 - (5) state the time and date by which the Cooperative must receive the completed mail or electronic ballot.
- (f) **Revocation of Mail or Electronic Ballots.** Except as otherwise provided in this Code of Regulations or by the Board of Directors, a member may not revoke a completed mail or electronic ballot received by the Cooperative. A member's failure to receive a mail or electronic ballot does not affect a vote or action taken by mail or electronic ballot.
- (g) **Fraudulent Mail or Electronic Ballots.** A mail or electronic ballot may not be procured or cast through fraud or other improper means. As determined by the Cooperative, a mail or electronic ballot procured or cast through fraud or other improper means is invalid.
- (h) **Number of Votes Required.** At all meetings of the members at which a quorum is present, and for all votes by mail or electronic ballot, all questions shall be decided by a vote of a majority of the members voting thereon in person or by mail or electronic ballot, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or this Code of Regulations.
- (i) **Proof of Authority of Agents.** Whether voting in person at a meeting or by mail or electronic means, agents of

corporations, firms and bodies politic may be required to submit proof of their authority to vote, but, in no case shall an agent delegated to vote the membership of a corporation, firm, or body politic be a member of the Cooperative; nor shall any one (1) agent represent more than one (1) membership.

SECTION 3.06. Credentials and Election Committees.

(a) Election Committee. Each member who files a nominating petition to become a candidate for director shall designate a teller. Together, all designated tellers, along with a Chairperson appointed by the Board of Directors, shall comprise the Election Committee. Except in elections conducted by mail or electronic ballot by an independent third party appointed by the Board of Directors, it shall be the responsibility of the committee to count all ballots or other votes cast, and to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision, as reflected by a majority of those actually present and voting, shall be final. In any election conducted by mail or electronic ballot, the Board of Directors may retain an independent third party to conduct the election and count all ballots or other votes cast. In any such election conducted by an independent third party, it shall be the responsibility of the Election Committee to review a report of the results by the independent third party prior to announcement of the results to the membership.

(b) Credentials Committee. Any other questions relating to member voting and the election of directors (including, but not limited to, the validity of nomination or the qualifications of candidates and the regularity of the nomination and election of Directors, and passing upon any protest or objection filed with respect to any election or to conduct affecting the results of any election) shall be determined by a Credentials Committee appointed by the Board of Directors of the Cooperative. The Board shall appoint one member in good standing from each of the Cooperative's nine (9) Director Districts. A Committee member cannot be a current member of the Board of Directors, or be a family member of a Director, or be a member of the Election Committee. The Credentials Committee shall choose its own Chairperson whenever it is called upon to meet. The Committee shall have available to it the advice of Counsel provided by the Cooperative.

In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of the meeting in which the voting is conducted or the announcement of the election results. The Credentials Committee shall thereupon commence a meeting not less than seven (7) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing render its decision, the results of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Credentials Committee's decision (as reflected by a majority of those actually present and voting) shall be final.

SECTION 3.07. Parliamentary Procedure.

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in this Code of Regulations and of any other committee of the members of Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Roberts Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Code of Regulations.

SECTION 3.08. Order of Business.

The order of business of the annual meeting of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

1. Call of the roll.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of and acting upon, reports of officers, directors and committees.
5. Election of directors, or announcement of results of any election conducted by mail or electronic ballot.
6. Unfinished business.
7. New business.
8. Adjournment.

Notwithstanding the foregoing, the Board of Directors or the members themselves may from time to time establish a different order of business of the purpose of assuring the earlier consideration of and action upon any item of business the

transaction of which is necessary or desirable in advance of any other item of business.

ARTICLE IV- DIRECTORS

SECTION 4.01. General Powers.

The business and affairs of the Cooperative shall be managed by a Board of nine (9) Directors which shall exercise all of the powers of the Cooperative except such as are by law or by the Articles of Incorporation of the Cooperative or by this Code of Regulations conferred upon or reserved to the members.

SECTION 4.02. Qualifications and Tenure.

- (a) Beginning with the year 1939, one director from each of the counties of Seneca, Crawford, and Wyandot shall be elected by ballot for a term of three (3) years or until their successors shall have been elected and shall have qualified; one director from each of the counties of Seneca, Crawford and Wyandot shall be elected by ballot for a term of two (2) years or until their successors shall have been elected and shall have qualified; and one director from each of three (3) remaining districts in Seneca County shall be elected by ballot for a term of one (1) year or until their successors shall have been elected and shall have qualified. Beginning with the year 1940, directors shall be elected by ballot by and from the members of the Cooperative to succeed those directors whose terms of office have expired to serve for a term of three (3) years or until their successors shall have been elected and shall have qualified.
- (b) No person shall be eligible to become or remain a director of the Cooperative who:
 1. Is or has been an employee of the Cooperative or any of its subsidiaries or affiliates for five (5) years prior to being elected or appointed to the Board of Directors or is a close relative of an incumbent director or of an employee of the Cooperative or any of its subsidiaries or affiliates, or
 2. Has not received electric service from the Cooperative for at least one (1) year prior to being elected or appointed to the Board of Directors, or
 3. Is not a member in good standing of the Cooperative and receiving service therefrom at the member's primary residential abode of the particular district the member represents, or
 4. Is not at least eighteen (18) years of age, or
 5. Is in any way employed by or financially interested in a competing enterprise, or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to, among others, the members of the Cooperative.

Affiliates shall include any company in which the Cooperative shares employees or resources. Upon establishment of the fact that a nominee for director lacks eligibility under this section or as may be provided elsewhere in this Code, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause such person to be removed there from as the case may be. Nothing contained in this section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this section and in which one or more of the directors have an interest adverse to that of the Cooperative.

SECTION 4.03. Voting Districts.

For the purpose of electing directors, the territory served or to be served by the Cooperative shall be divided into seven (7) districts. With the exception of the districts of Crawford County and Wyandot County, both of which shall be represented by two (2) directors, each district shall be represented by one (1) director. The seven (7) districts shall be as follows:

District No. 1 - Crawford County, and adjacent territory served by the Cooperative to the east thereof.

District No. 2 - Wyandot County, and adjacent territory served by the Cooperative to the west thereof.

District No. 3 - Thompson, Reed and Venice townships in Seneca County and adjacent territory served by the Cooperative to the north and east thereof.

District No. 4 - Adams, Scipio and Bloom townships in Seneca County and adjacent territory served by the Cooperative to the north thereof.

District No. 5 - Pleasant, Clinton and Eden townships in Seneca County and adjacent territory served by the Cooperative to the north thereof.

District No. 6 - Liberty, Hopewell and Seneca townships in Seneca County and adjacent territory served by the Cooperative to the north thereof.

District No. 7 - Jackson, Loudon and Big Springs townships in Seneca County and adjacent territory served by the Cooperative to the north and west thereof.

SECTION 4.04. Nomination and Election of Directors.

- (a) **Nominations by Petition.** On or after the second Monday of January in each year in which Directors are to be elected, any member residing in a district from which a director is to be elected may obtain from the Secretary of the Cooperative, or their designee, a nominating petition. The nominating petition may nominate for director any member residing in the district who possesses the qualifications for director specified in Section 4.02 of this Code. The petition shall be signed by not less than twenty-five (25) members who are residents of the district and filed with the Secretary of the Cooperative, or their designee, not later than Four Thirty (4:30) P.M. on the second Monday in February of that year. The Secretary, or their designee, shall verify the signatures contained in the petition. A member may sign more than one nominating petition. If two (2) or more qualified members timely file a petition with the verified signatures of not less than twenty-five (25) members who are residents of the district, each shall be declared an official candidate for the position of director of the district and shall stand for election under Section 4.04(b). In the event only one qualified member timely files a verified petition in each district from which a director is to be elected then those members shall be considered elected and no election shall be deemed necessary.
- (b) **Election of Directors.** Directors shall be elected by the members casting ballots at the annual meeting of the members, or at a special meeting called pursuant to other sections of these regulations, or by mail or electronic ballot as provided in this Code of Regulations and as determined by the Board of Directors. Not less than seven (7) days before any annual or special meeting of the members at which directors are to be elected, the Secretary of the Cooperative, or their designee, shall mail, or provide electronically, to each member a list of the official candidates. This list may be included with the notice of the meeting. At the meeting the Secretary of the Cooperative, or their designee, shall place in nomination the names of the official candidates of each district. Election of directors shall be by printed or electronic ballot. The names of the candidates shall be alternated on the ballots, so that the name of each candidate on the ballots presented to the members, insofar as reasonably practical, shall appear at the top of the list under each district designation, on the same number of ballots. Each member of the Cooperative shall be entitled to vote for one candidate for each director to be elected from each district. The number of candidates from each district equal to the number of directors to be elected from the particular district receiving the highest number of votes shall be considered elected as director or directors of the respective districts. In the event that two (2) or more candidates for election to the office of director in any particular district shall receive the same number of votes, such tie vote shall be resolved by lot.

SECTION 4.05. Vacancies.

Subject to the provisions of this Code of Regulations with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining directors and directors thus elected shall serve the remainder of the unexpired term. The member elected as director to fill the vacancy must reside in the same district as the director to whose office he succeeded.

A board member's seat will automatically be considered vacant if four (4) regular board meetings are missed in a calendar year or if any three (3) consecutive regular board meetings are missed, unless otherwise excused by a majority vote of the remaining board members.

SECTION 4.06. Compensation: Expenses.

Directors shall, as determined by a resolution of the Board of Directors, receive on a per diem basis, a fixed fee, (a) for attending meetings of the Board of Directors and (b) for the performance of other Cooperative business when such has had prior approval of the Board of Directors. Directors shall also receive reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred, in accordance with the Cooperative's established policies covering such. Directors may, as determined by a resolution of the Board of Directors, also receive cancer, business travel, and accidental death and dismemberment insurance. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless the payment and amount of such compensation shall be specifically authorized by a vote of the members or such payment and amount shall be specifically authorized by the Board of Directors upon their certification of such as an emergency measure or for advisory committee members for their services: PROVIDED, that a director who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the Board of Directors.

SECTION 4.07. Rules and Regulations.

The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative or this Code of Regulations, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 4.08. Accounting System and Report.

The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

SECTION 4.09. "Close Relative" Defined.

As used in this Code, "close relative" means a person who, by blood or in law, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal.

SECTION 4.10. Executive Committee and Other Committees.

- (a) **Executive Committee.** The Chair of the Board of Directors may at any time appoint an Executive Committee which shall consist of not less than three Directors, each of whom shall hold office at the pleasure of the Chair and may be removed at any time, with or without cause.
- (b) **Powers.** Except as its powers, duties and functions may be limited or prescribed by the Directors, during the intervals between the meetings of the Directors, the Executive Committee shall possess and may exercise all the powers of the Directors in the management and control of the corporate powers, property and affairs of this Corporation. All actions of the Executive Committee shall be reported to the Directors at their meeting next succeeding such action and shall be subject to revision or alteration by the Directors, provided that no rights of any third person shall be affected thereby.
- (c) **Other Committees.** The Board of Directors from time to time may create such other Committees, with such membership, powers and duties as may be deemed necessary or advisable in conducting the business, activities and affairs of the Cooperative, and the Chair shall appoint the members thereof.

ARTICLE V- MEETINGS OF BOARD OF DIRECTORS

SECTION 5.01. Regular Meetings.

A regular meeting of the Board shall also be held monthly at such time and place, either within or without the State of Ohio, as the Board may provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 5.02. Special Meeting.

Special meetings of the Board may be called by the Chair or by any three (3) Board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chair or board members calling the meeting shall fix the time and place, either within or without the State of Ohio, for the holding of the meeting.

SECTION 5.03. Notice of Special Board Meetings.

Written notice of the time, place and purpose of any special meeting of the board shall be delivered to each Board member either personally, by mail, or electronically by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chair or the Board member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board member at the Board member's address as it appears on the records of the Cooperative, with postage thereon prepaid, at least three (3) days before the date set for the meeting.

SECTION 5.04. Quorum.

A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further that the Secretary shall notify any absent Board members of the time and place of such adjourned meeting. The act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise

provided in this Code of Regulations.

SECTION 5.05. Action of Directors Without a Meeting.

Any action which may be authorized or taken at a meeting of the Board may be authorized or taken without a meeting in a writing or writings signed by all of the members of the Board.

ARTICLE VI- OFFICERS

SECTION 6.01. Number.

The officers of the Cooperative shall be a Chair, Vice- Chair, Secretary, Treasurer, President/CEO and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 6.02. Election and Term of Office.

Each officer, except the President/CEO and any officer appointed pursuant to Section 6.03 of this ARTICLE VI, shall be elected by ballot annually by and from the Board at the first regular meeting of the Board held after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until the person's successor shall have been elected and shall have qualified, subject to the provisions of this Code of Regulations with respect to the removal of officers. The President/CEO shall be chosen and employed and the President/CEO's compensation shall be approved by the Board.

SECTION 6.03. Additional Officers.

In addition to the officers specified in Section 6.01 of this ARTICLE VI, the Board in its discretion, may appoint one or more Assistant Secretaries, one or more Assistant Treasurers and such duties and authority as generally pertains to their respective offices and such as may be prescribed by the Board, and who shall hold office for such period as may be prescribed by the Board.

SECTION 6.04. Removal of Officers and Agents by the Board.

Any officer elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the secretary such charges in writing together with a petition signed by ten per centum (10%) of the members may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against the officer shall have the same opportunity. In the event the Board does not remove such officer, the questions of the officer's removal shall be considered and voted upon at the next meeting of the members. Notwithstanding any other provisions of this Code of Regulations the Board may, in its discretion, authorize a written employment agreement between the Cooperative and the President/CEO containing terms and conditions relating to the removal of the President/CEO which are inconsistent with this Code of Regulations.

SECTION 6.05. Resignations.

Any officer may resign at any time by giving written notice to the Board, or to the Chair, or to the Secretary of the Cooperative. Any such resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

SECTION 6.06. Vacancies.

A vacancy in any office, except that of President/CEO, may be filled by the Board for the unexpired portion of the term. In the event of a vacancy in the office of President/CEO, the Board shall choose and employ a President/CEO upon terms and conditions which the Board considers to be in the best interest of the Cooperative.

SECTION 6.07. Delegation of Secretary's and Treasurer's Responsibilities.

Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer as provided herein, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties to one or

more agents, other officers or employees of the Cooperative . To the extent that the Board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

SECTION 6.08. Chair.

The Chair shall:

- (a) Be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;
- (b) On behalf of the Cooperative, subject to the direction and instruction of the Board, sign, with the Secretary, certificates of membership and may sign any deeds, mortgages, deeds of trust, notes, bonds, financing statements, security agreements, contracts or other instruments, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by this Code of Regulations to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed;
- (c) In general perform all duties incident to the office of Chair and such other duties as may be prescribed by the Board from time to time.

SECTION 6.09. Vice-Chair.

In the absence of the Chair, or in the event of the Chair's inability or refusal to act, the Vice-Chair shall perform the duties of the Chair, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chair. The Vice-Chair shall also perform such other duties as from time to time may be assigned to the Vice-Chair by the Board or by the Chair.

SECTION 6.10. Secretary.

The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with this Code of Regulations or as required by law;
- (c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative or a facsimile thereof to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of this Code of Regulations;
- (d) keeping a register of the names and post office addresses of all members;
- (e) signing, with the Chair, certificates of membership;
- (f) keeping on file at all times a complete copy of the Articles of Incorporation and Code of Regulations of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of the Code of Regulations and of all amendments thereto to any member upon request; and
- (g) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Board.

SECTION 6.11. Assistant Secretary.

The Assistant Secretary, if one is appointed by the Board pursuant to Section 6.03 of this ARTICLE VI, need not be a member of the Board and the Assistant Secretary shall hold office until relieved by the Board. The Assistant Secretary shall assist the Secretary in the performance of the Secretary's duties as requested by the Secretary or by the Board.

SECTION 6.12. Treasurer.

The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of this Code of Regulations; and
- (c) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to Treasurer by the Board.

SECTION 6.13. Assistant Treasurer.

If an Assistant Treasurer is appointed by the Board pursuant to Section 6.03 of this ARTICLE VI, the Assistant Treasurer need not be a member of the Board and the Assistant Treasurer shall hold office until relieved by the Board. The Assistant Treasurer shall assist the Treasurer in the performance of the Treasurer's duties as requested by the Treasurer or by the

Board.

SECTION 6.14. President/CEO.

The President/CEO shall:

- (a) be the chief administrative officer responsible for the general direction, coordination and control of all operations in accordance with the policies adopted by the Board, subject to the direction and instruction of the Board;
- (b) have supervision over and be responsible for the operations of the Cooperative and, in performing this duty, carry out and administer the policies adopted by the Board;
- (c) prepare for the Board of Directors such reports and budgets as are necessary to inform the Board concerning the operation of the Cooperative; and
- (d) in general perform all duties incident to the office of President/CEO as chief administrative officer and perform such other duties as may from time to time be assigned to the President/CEO by the Board.

SECTION 6.15. Bonds of Officers.

The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

SECTION 6.16. Compensation.

The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of this Code of Regulations with respect to compensation for a Board member.

SECTION 6.17. Reports.

The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII- CONTRACTS, CHECKS AND DEPOSITS

SECTION 7.01. Contracts.

Except as otherwise provided in this Code of Regulations, the Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 7.02. Checks, Drafts, etc.

All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 7.03. Deposits.

All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative, in such bank or banks as the Board of Directors may select.

ARTICLE VIII- NON-PROFIT OPERATION

SECTION 8.01. Interest or Dividends on Capital Prohibited.

The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 8.02. Patronage Capital in Connection with Furnishing Electric Energy.

In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons, members and non-members alike, will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons, members and non-members alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly charge able against the furnishing of electric energy. All such

amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons, members and non-members alike, as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify such patron of the amount of capital so credited to such patron's account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired; or the Board may, at its discretion, retire capital credited on a percentage basis. In the event that such percentage basis is used the Board shall determine the percent of total capital credited to be retired without impairment to the financial condition of the Cooperative, and this same percentage figure shall then be applied to the balance of accumulated capital credited to each patron or former patron and the resulting amount shall then be paid to each patron or former patron provided, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("affiliate portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by any organization ("affiliate") with which the Cooperative is, or at any time was, or may be in any manner affiliated, including, but not limited to, organizations furnishing electric service to the Cooperative. Such rules shall (a) establish a method for determining the affiliate portion of capital credited to each patron for each applicable fiscal year, (b) provide for separate identification on the Cooperative's books for the affiliate portion of capital credited to the Cooperative's patrons, (c) provide for appropriate notifications to patrons with respect to the affiliate portion of capital credited to their accounts and (d) preclude a general retirement of the affiliate portion of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

Notwithstanding any other provision of this Code of Regulations, the Board of Directors in its discretion shall have the power to refund to any discontinued or former patron who has moved off the line, the capital credited to that patron's account, upon such terms and conditions as the Board of Directors, acting under policies of general application, shall determine; provided, however, that the financial condition of the cooperative will not be impaired thereby.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patrons' premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of this Code of Regulations, the Board at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, if the legal representatives of such patron's estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of this Code of Regulations, to retire capital credited to any such patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such patrons' estate shall agree upon; provided however, that the financial condition of the Cooperative will not be impaired thereby.

Notwithstanding any other provisions of these bylaws or other provision of the certificate of membership, if any patron or former patron fails to claim any cash retirement of capital credits or other payment from the Cooperative within four (4)

years after payment of the same has been made available to such patron or former patron by notice or check mailed to such patron or former patron at their last address furnished by such patron or former patron to the Cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such patron or former patron of such capital credit or other payment to the Cooperative. Failure to claim any such payment within the meaning of this section shall include the failure by such patron or former patron to cash any check mailed to such patron or former patron by the Cooperative at the last address furnished by such patron or former patron to the Cooperative. The assignment and gift provided for under this section shall become effective only upon the expiration of four (4) years from the date when such payment was made available to such patron or former patron without claim therefor and only after the further expiration of sixty (60) days following the giving of a notice by mail and publication that unless such payment is claimed within said sixty (60)-day period, such gift to the Cooperative shall become effective. The notice by mail herein provided for shall be one mailed by the Cooperative to such patron or former patron at the last known address, and the notice by publication shall be either two (2) consecutive insertions in a newspaper circulated in the service area of the Cooperative, which may be the Cooperative newsletter, or posting the notice on the Cooperative's web site for at least thirty (30) consecutive days. The sixty (60)-day period following the giving of such notice shall be deemed to terminate sixty (60) days after the mailing of such notice, or sixty (60) days following the last date of publication thereof whichever is later, or if notice is posted on the Cooperative's website, sixty (60) days following the thirtieth consecutive day that notice was posted.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Code of Regulations shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the Code of Regulations shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

SECTION 8.03. Capital Credited as an Offset Against Debts to the Cooperative.

No capital credited to any patrons' account shall be retired, paid, transferred or assigned so long as any debts are due and owing to the Cooperative by said patron. Regardless of a statute of limitation or other time limitation, after retiring capital credits allocated to a patron or former patron, the Cooperative may recoup, offset or set off an amount owed to the Cooperative by the patron or former patron, including any late payment fees and all costs and expenses relating to the collection of the debt including but not limited to attorney fees, reducing the amount of retired capital credits paid to the patron or former patron by the amount owed to the Cooperative.

ARTICLE IX- WAIVER OF NOTICE

Any member or director may waive, in writing, any notice of meetings required to be given by this Code of Regulations.

ARTICLE X- DISPOSITION OF PROPERTY

The Cooperative shall not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property or merge or consolidate with any other corporation unless such sale, mortgage, lease, other disposition, encumbrance, merger or consolidation is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease, other disposition, encumbrance, merger or consolidation shall have been contained in the notice of the meeting; provided, however, that notwithstanding any other provision of this Article, the Board of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of mortgages, deeds of trust, security agreements and financing statements or otherwise pledging, encumbering, subjecting to a lien or security interest, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof or to any other bonafide lender, lending institution or investor; provided, further, however, that notwithstanding any other provision of this Article, the Board may upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to, or merge or consolidate with, another non-profit corporation which is or has been a member of Ohio Rural Electric Cooperatives, Inc.

Notwithstanding the foregoing provisions of this Article, nothing contained herein shall be deemed or construed to prohibit an exchange of electric plant facilities for electric plant facilities of another electric company when in the

judgment of the Board such facilities are of approximately equal value, but in no event shall the value of the Cooperative's facilities so exchanged within any twelve-month (12) period exceed ten percent (10%) of the total electric plant of the Cooperative.

ARTICLE XI- FISCAL YEAR

The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of the same year.

ARTICLE XII- MEMBERSHIP IN OTHER ORGANIZATIONS

The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative majority vote of the Board of Directors.

ARTICLE XIII- SEAL

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Ohio."

ARTICLE XIV- AMENDMENTS

This Code of Regulations may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal. Any alteration, amendment or repeal of this Article or Article X shall require the affirmative vote of at least two-thirds (2/3) of the members of the Cooperative, and no other provision of this Code of Regulations may be altered, amended or repealed by an affirmative vote which is less in number or different in character than the affirmative vote required for action under that provision.

ARTICLE XV- INDEMNIFICATION OF BOARD MEMBERS AND OFFICERS

Section 15.01. Third-Party Action Indemnification.

The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed civil, criminal, administrative, or investigative action, suit, or proceeding, including all appeals (other than an action, suit or proceeding by or in the right of the Cooperative), by reason of the fact that such person is or was a trustee, director, officer, employee or volunteer as defined in Section 1702.01(N) of the Ohio Revised Code ("Volunteer") of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, or volunteer of another domestic or foreign non-profit corporation or corporation for profit, or partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) judgments, decrees, fines, penalties, and amounts paid in settlement actually and reasonably incurred by such person in connection with the action, suit or proceeding, unless it is proved by clear and convincing evidence in a court of competent jurisdiction that such person's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Cooperative or undertaken with reckless disregard for the best interests of the Cooperative and that, with respect to any criminal action or proceeding, such person had reasonable cause to believe that such person's conduct was unlawful; the termination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, constitute such proof.

Section 15.02. Derivative Action Indemnification.

Other than in connection with an action or suit in which the liability of a director under Section 1702.55 of the Ohio Revised Code is the only liability asserted, the Cooperative shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit, including all appeals, by or in the right of the Cooperative to procure a judgment in its favor by reason of the fact that such person is or was a trustee, director, officer, employee, or volunteer of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, or volunteer of another domestic or foreign non-profit corporation or corporation for profit, or a partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of the action or suit unless it is proved by

clear and convincing evidence in a court of competent jurisdiction that such person's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Cooperative or undertaken with reckless disregard of the best interests of the Cooperative, except that the Cooperative shall indemnify such person to the extent to the court in which the action or suit was brought determines upon application that, despite the proof but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

Section 15.03. Determinations of Indemnification Rights.

Any indemnification under Sections 15.01 or 15.02 hereof (unless ordered by a court) shall be made by the Cooperative only as authorized in the specific case upon a determination that indemnification of the trustee, director, officer, employee, or volunteer is proper in the circumstances. The determination shall be made (a) by a majority vote of those members of the Board of Directors who in number constitute a quorum of the Board of Directors and who also were not and are not parties to or threatened with any such action, suit or proceeding or (b), if such a quorum is not obtainable (or even if obtainable) and a majority of disinterested members of the Board of Directors so directs, in a written opinion by independent legal counsel compensated by the Cooperative or (c) by the court in which the action, suit, or proceeding was brought.

Section 15.04. Advances of Expenses.

Unless the action, suit or proceeding referred to in Sections 15.01 or 15.02 hereof is one in which the liability of a trustee under Section 1702.55 of the Ohio Revised Code is the only liability asserted, expenses (including attorneys' fees) incurred by the trustee, director, officer, employee, or volunteer of the Cooperative in defending the action, suit, or proceeding shall be paid by the Cooperative as they are incurred, in advance of the final disposition of the action, suit, or proceeding upon receipt of an undertaking by or on behalf of the trustee, director, officer, employee, or volunteer in which such person agrees both (a) to repay the amount if it is proved by clear and convincing evidence in a court of competent jurisdiction that such person's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Cooperative or undertaken with reckless disregard for the best interests of the Cooperative and (b) to cooperate with the Cooperative concerning the action, suit or proceeding.

Section 15.05. Purchase of Insurance.

The Cooperative may purchase and maintain insurance or furnish similar protection, including, but not limited to, trust funds, letters of credit, and self-insurance, for or on behalf of any person who is or was a trustee, officer, employee, agent, or volunteer of the Cooperative, or is or was serving at the request of the Cooperative as a trustee, director, officer, employee, agent or volunteer of another domestic or foreign non-profit corporation or corporation for profit, or a partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Cooperative would have the power to indemnify such person against liability under the provision of this Article XV or of the Ohio non-profit corporation law. Insurance may be purchased from or maintained with a person in which the Cooperative has a financial interest.

Section 15.06. Mergers.

Unless otherwise provided in the agreement of merger pursuant to which there is a merger into this Cooperative of a constituent corporation that, if its separate existence had continued, would have been required to indemnify board members, directors, officers, employees or volunteers in specified situations, any person who served as a trustee, officer, employee, or volunteer of constituent corporation, or served at the request of the constituent corporation as a trustee, director, officer, employee, or volunteer of another domestic or foreign non-profit corporation, or corporation for profit, or a partnership, joint venture, trust or other enterprise, shall be entitled to indemnification by this Cooperative (as the surviving corporation) to the same extent such person would have been entitled to indemnification by the constituent corporation if its separate existence had continued.

Section 15.07. Non-exclusivity; Heirs.

The indemnification provided by this Article XV shall not be deemed exclusive of, and shall be in addition to, any other rights granted to a person seeking indemnification as a matter of law or under the Articles of Incorporation, this Code of Regulations, any agreement, vote of the members of the Cooperative or the disinterested members of the Board of Directors, any insurance purchased by the Cooperative, any action by the Board of Directors to take into account amendments to the Ohio non-profit law that expand the authority of the Cooperative to indemnify a trustee, director, officer, employee or volunteer of the Cooperative, or otherwise, both as to action in such person's official capacity and as

to action in another capacity while holding an office or position, and shall continue as to a person who has ceased to be a trustee, director, officer, employee, or volunteer and shall inure to the benefit of the heirs, executors, and administrators of such a person.

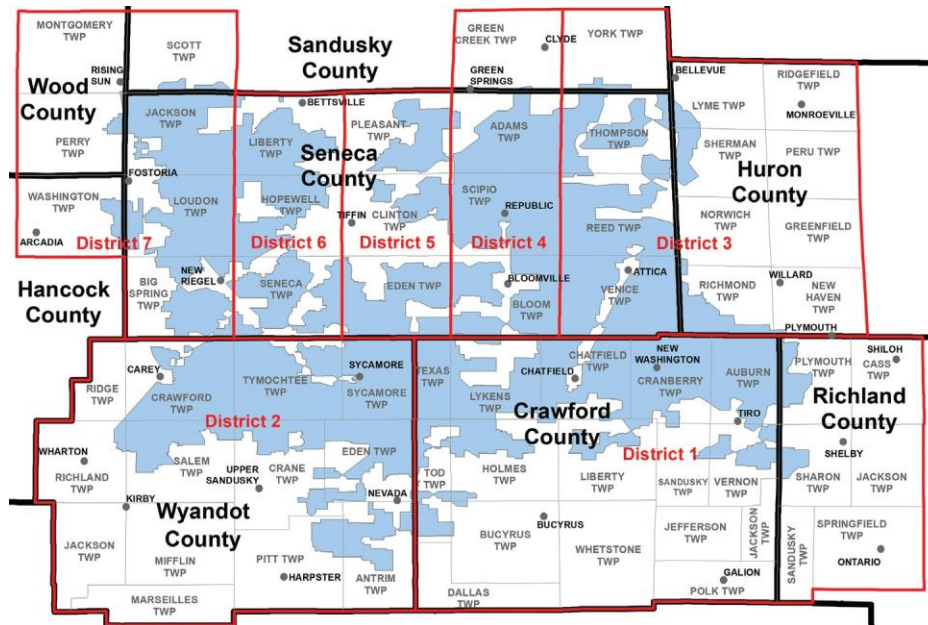
Section 15.08. Liability of a Board Member or Officer.

Other than in connection with an action or suit in which the liability of a director under Section 1702.55 of the Ohio Revised Code is the only liability asserted, a director or officer of the Cooperative shall be liable in damages for any action such person takes or fails to take as a director or as an officer, as the case may be, only if it is proved by clear and convincing evidence, in a court with jurisdiction that such person's act or omission was one undertaken with deliberate intent to cause injury to the Cooperative or was one undertaken with a reckless disregard for the best interests of the Cooperative.

ARTICLE XVI- INTERPRETATION

All pronouns and any variations thereof used in these regulations shall be deemed to refer to the masculine, feminine, singular or plural as the identity of the person or persons may require. The use of any gender shall include all genders.

NORTH CENTRAL ELECTRIC COOPERATIVE BOARD OF DIRECTOR'S DISTRICTS



The service area of North Central Electric Cooperative, Inc. is divided into seven board districts, each with one member-elected representative on the Cooperative Board of Directors. Districts one and two are each represented by two Directors.

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